

I. New Reporting Requirements Implementation

1. When will HUD implement its new 30-day and 60-day delinquency reporting requirements?

Per ML 06-15, these requirements will be implemented beginning with the October, 2006 reporting cycle – November 1, 2006.

2. Are EDI Trading Partners and/or Service Bureaus modifying their translation software so that we can submit Transaction Set (TS) 264 data properly and timely under HUD's new default reporting rules?

UPDATED 07/2006 HUD has been working with EDI Trading Partners and Service Bureaus to effect the necessary programming changes for reporting defaults to HUD using TSN 264. If you are unsure if your service bureau is in communication with HUD, please contact your service bureau first. Otherwise, please contact the HUD EDI Help Desk at 1-800-HUD-4EDI (1-800-483-4334) or you can send an e-mail to EDI_Help_Desk@hud.gov.

3. Is HUD expecting the vacancy date to be reported with the October month-end reports also? I know that HUD is requiring that 30 day delinquent loans be reported with status code 42 w/October month end reporting (no later than 11/7/06) but I wasn't sure if October was the required date for the vacancy date as well.

Yes. When reporting occupancy status 3, known to be vacant, mortgagee must provide the date that the mortgagee determined the property became vacant. The effective date for any new requirements is 11/01/06.

4. **NEW 07/2006 I know the first "required" transmission of the new format will not be until the November transmission of the October data. However, we do have these changes ready to go so I was wondering if HUD has the capacity to receive the new format now or do we need to wait until November?**

Since HUD will not be rolling out the redesigned SFDMS until October, NO, HUD does not have the capacity to receive data under the new format now. The system redesign will accommodate both the increased volume and the modified default reporting structure. You MUST wait until 11-01-06 to submit data under the revised policy, including 30- and 60- day delinquency reporting.

II. Default Status Codes Changes - Bankruptcy

1. Does Default Status Code (DDS) 76 represent all forms of a BK end (discharge, dismissal, relief)?

Yes, DDS Code 76 means that BK is no longer a bar to foreclosure.

2. If a BK reinstates or pays off, do I report the reinstatement/payoff or do I report a 76?

From a default monitoring standpoint, the reinstatement/payoff is more important than a DDS 76, so please report the reinstatement/payoff, as appropriate.

3. Are BK reinstatements reported as a DDS 20 or a 98?

DDS Code 98 is used only on reinstatements resulting from a paid loss mitigation claim, so you should report the cure using DDS code 20.

- 4. If a BK chapter 7 converts to a BK chapter 13, can I report the 13 with the new filing date or do I have to report a DDS 76 between the two - in other words, does the reporting of a new BK chapter and filing date negate the previously reported BK info?**

In this example, reporting DDS Code 76 is unnecessary. Please report the conversion from Ch 7 to Ch 13 by reporting the DDS Code 67 (Ch 13 BK).

- 5. Must I report a DDS 69 if it occurs in the same month as a DDS 76?**

If the 69 (BK Plan Confirmed) occurs in the same month as the 76 (BK Court Clearance obtained), reporting the 69 would be optional. Please ensure that the 76 is the last BK code reported.

- 6. Do I need to report the BK if the filing date and 76 occur in the same month?**

Yes

- 7. I report a chapter 13 in May (DDS 67) and then a BK plan confirmed in June (DDS 69), should I go back to reporting the 67 code in July? Do you need to see any updates each month? If I do not report it every month going forward, it will reduce my transmission size. However, if I do not, it will not allow your system to see the OUI moving if the loan is a performing one. It will also not show up on FHA connect if we do not report for 12 consecutive months.**

From the time a mortgage is reported delinquent, and until the default episode is closed, either because the loan is brought current or closes due to payoff (or foreclosure, etc), HUD needs to receive an update at least once each month. Even if the DDS Code does not change from month to month, either the oldest unpaid installment date or the number of months delinquent will change, and HUD needs to know this information.

In your scenario, after reporting a BK Plan Confirmed (69), you would continue to report the 69 each month, unless and until that actual status changes. Also, is EXTREMELY important that each submission contain the ACTUAL Oldest unpaid installment date, so that HUD is able to accurately calculate the number of months a mortgage is delinquent.

III. Default Status Codes Changes – Foreclosure and/or Assignment/ACD

- 1. ACD program: Once I report the acceptance code (DDS 3B), should that be the only code reported until the transfer (DDS 49)?**

This is acceptable if this is the only action on the mortgage.

- 2. If there is an active workout should that be reported prior to the 3B or after the 3B is initially reported?**

The active workout should be reported in the order of the event (if it occurred before 3B, report it before 3B.....)

3. If the borrower hits 1st Legal prior to the 3B, we report the 68 and then the 3B the following month. Is this correct?

Yes

4. From my understanding of the process, we file the ACD claim 30 - 45 days prior to the transfer and ultimate close out on our system (49 reported). We are seeing a lot of 824 errors coming back on our 49 codes (R3 rejects). Is this a timing issue? How long after we file the claim does the account close out on the SFDMS database?

Filing an insurance termination claim (Conveyance, Assignment, PFS) terminates the FHA insurance – reporting a closeout code in SFDMS does not. The only way to close the default episode in SFDMS is for you to report the close out code to SFDMS. You need to report the DDS code 49 at the time you file the claim, because if the claim hits A43C first, the claim will terminate the mortgage insurance, then you will see an R3 error in SFDMS.

5. When thinking through the FCL sale (1A), eviction (1G), and deed recorded (77): If more than one of these occur in the same month, do I need to report them all?

Yes, report all events.

6. If the FCL sale and eviction occur in the same month, I would report the sale. However, I would probably want to report the claim filed (46) the following month (if it happens in time) versus reporting the eviction code.

No, please report all events, especially the eviction.

IV. Default Status Codes Changes - Other

1. Code 19 (partial reinstatement) will no longer applicable since a mortgagor will be fully reinstating if the loan is paid to less than 30 days. Servicers should report a 20 and 19 becomes obsolete at this point?

Under new reporting rules, code 19 will be obsolete. HUD will be calculating the number of months delinquent based on the transaction date (date of report submission) and the oldest unpaid installment as reported in the record. This number of months delinquent will be stored in the same record, so HUD can run reports based on delinquent months (without regard to the default status code) - this is also how we can use a 42 for 30-60-90 or 90+ accounts.

2. One of the new status codes is AO – Ineligible for Loss Mitigation. Can you clarify what this means?

DDS Code AO is defined as “Mortgagee has either completed loss mitigation evaluation (24 CFR 203.605) and found mortgagor(s) ineligible, or cannot evaluate mortgagor(s) financial situation because, in spite of mortgagee’s good-faith efforts, mortgagor(s) failed to provide adequate (or any) financial information.”

3. Previously loans were reported as Status Code 42 for 90-day delinquent loans. Are all loans that are delinquent (whether 30, 60 or 90 days) supposed to use status code 42 for SFDMS reporting or are there separate codes for each?

There will not be a separate code to identify 30 vs. 60 vs. 90-day accounts. HUD will calculate the months delinquent based on the timing of the submission, and the Oldest Unpaid Installment (OUI) reported for an individual case. The code 42 must be used to open a delinquency episode (i.e., when an account is first reported as 30 days delinquent). One would continue to report the code 42 monthly, unless an actual action (such as payment plan) is taking place. In that case, the actual action would be reported in lieu of the 42.

4. The Final Rule talks about 30 days specifically but doesn't give clear direction on how loans that are 60 days delinquent should be reported? I'm assuming that they would be reported as well?

Before the Final Rule changed HUD's regulations, the regulation stated that lenders were to report the status of all account the are or were 90 days delinquent, until the default is resolved by cure, foreclosure, or other means. The intent of the revised regulation is simply to replace '90' with '30'. Therefore, in the future, when you report an account as 30 days delinquent, the next month, you will report the account as cured (if that occurs), or delinquent (if the loan is not brought current) - of course, as stated above, this would be done through the use of code 42, unless a different actual action is now in place]

5. HUD is requiring that lenders report a status code 22 when loans have been service released or acquired. Is this requirement only for loans that are 30 days or more delinquent? I wanted to clarify whether or not HUD wanted all FHA loans service released or acquired to be reported with a status code 22 even if they were not delinquent.

We only look for the status code 22 on open default episodes - those where further default reporting is required, or as the opening code for the new servicer who acquired a loan that was already delinquent. When a selling or transferring servicer has a mortgage with an open default episode, the status code 22 tells HUD you will no longer be reporting on the status of this delinquent account because you no longer service this account. In the same vein, the acquiring servicer begins reporting on this same account with a status code 22, because it tells HUD you are now the servicer responsible for reporting the delinquency status on this mortgage. Of course, any and all reporting to the SFDMS is totally unrelated to the requirement that servicers report all loan transfers to HUD using the electronic version of form HUD-92080!

6. When a loan is past its maturity date, we stop reporting it. Is there a specific code we should be reporting on a loan in this circumstance?

Report the actual status of the loan: if it is contractually current, report it current. If it is still delinquent, report it as such, and continue to report it as long as it remains delinquent. If it pays off, report it paid off; if you charge it off, report it as such. In any event, if the loan closes, HUD expects to see the default reported as closed!

7. The new AO code must be reported prior to a First Legal Action. Does it cause an issue if the borrower contacts us between the reporting of the AO and the 68 and we set up a workout plan for them? I would report a Loss Mit code after reporting the AO code.

It is important that servicers report accurately, timely, and in sequence the events that occur on a mortgage. Since the sequence of events you have presented can happen (AO then 68 then a loss mitigation action), then this reporting is acceptable.

8. And, if the borrower fails to follow through on their commitment, should a new AO code be sent prior to the 68?

This would be optional. When you execute a workout agreement with someone, then they are eligible (meaning not AO). If they fail to follow through on their commitment, you have 90 days to reevaluate or proceed with foreclosure.

V. EDI, TS264/TS824

1. Where can I locate TS 824 to view all the data element modifications?

UPDATED 07/2006 The document about TS 824/264 can be found on the EDI webpages. The main page is <http://www.hud.gov/offices/hsg/comp/edi/edi.cfm>. That page has links to the latest version of the implementation guides, and the email link to the EDI Help Desk.

From the main EDI page, you will find a link to the revised guide, dated July, 2006. This revised guide has information about the structural changes based on new reporting requirements. Please be advised that **YOU MUST NOT SUBMIT** any TS264 transmissions under this revised format before November 1, 2006!

2. I am researching the occupancy code on the EDI Mapping document and cannot locate the REC field definitions. According to HUD guidelines, does an occupancy status of 1 indicate vacancy? I just wanted to double check with you since this is an optional element. Our EDI mapping document indicates 01 – vacant, 03 – borrower occupied, 04 – tenant occupied, 05 – Adverse occupied, 06 – unknown.

You are correct; this information is mapped to the REC01 element. The Occupancy status is as follows:

- 1 Occupied by the borrower (send 03).
- 2 Occupied by a renter (send 04).
- 3 Known to be vacant (send 01).
- 4 Adverse occupant (send 05).
- 5 Unable to determine occupancy status (send 06)..

3. Where in the EDI layout do we add the occupancy date for properties that are vacant.

We will map the occupancy date to the DTP03 element, when the DTP01 is equal to 781 (meaning occupancy status date). The DTP02 (Date Time Period Format Qualifier) will be D8, which indicates an eight-digit date.

4. One of the changes HUD is requesting is that the status codes that represent each bankruptcy chapter filed be reported instead of the one position value that is currently reporting in Block 18. Since the bankruptcy status codes are two positions, do they want us to increase Block 18 from 1 to 2 positions, or do they want the bankruptcy status code fed to Block 16a? Can you verify this with HUD?

In the redesigned system, bankruptcy statuses will only be reported using default status codes. We have created 6 new default status codes for various bankruptcy statuses. There will be no need for a separate field for bankruptcies, as we use today.

The status codes you are referring to should be mapped to the Loan Status Code element or SOM01 (Element 1307), which does provide for a two-byte field.

Status Code (SOM01)	Delinquency Status Code Description
65	Chapter 7 Bankruptcy
66	Chapter 11 Bankruptcy

67	Chapter 13 Bankruptcy
69	Bankruptcy Plan Confirmed
76	Bankruptcy Court Clearance Obtained

5. Who should a servicer talk to in the HUD EDI group regarding changes to the TS 264/824?

UPDATED 07/2006 Please kindly contact the EDI Help Desk at 800-HUD-4EDI (800-483-4334) or you can send an e-mail to EDI_Help_Desk@hud.gov.

6. NEW 07/2006 I understand that we can send multiple status codes on the same interchange with the status codes in chronological order. Does this mean we can send multiple status codes in the same file? If so this would entail modifying our file layout to include a 1st Status Code and 1st Status Date, 2nd Status Code and 2nd Status Date and so on up to the amount agreed upon in the limit of multiple codes.

The multiple status codes should look like the file below (Note: this is just an example of the looping within the ST/SE segments and not an example on the appropriate order of the status codes). All segments between the DTP and LE are needed even though they may be repetitive. If you have any additional questions, please contact EDI.

```
ISA*00*                *00*                *ZZ*WD5121                *ZZ*HUDEDITEST
*060710*020
9*U*00400*000000007*0*T*>~
GS*MG*0430109993D*9999609998*20060710*020911*000000007*X*004010~
ST*264*151200000~
BGN*00*92068A*20060705*0209*ET~
MIS*NC~
N1*LV*X Y Z MORTGAGE COMPANY*62*9876543210~
N3*4101 WISEMAN BLVD~
N4*SAN*AN*78251~
N1*JU*Z~
N4*SANFRANCISCO*CA*94102~
LX*1~
PER*CN*SMITH,JOHN*TE*4055554560~
DTP*174*D8*20060630~
REF*LD*0003493780~
REF*Z8*101242799~
REF*60*203~
N1*QP*WILLIAMS,M*34*999123456~
N1*QZ*WILLIAMS,V*34*999765432~
LS*0212~
REC*01~
N3* 2213*SEACREST LN~
N4*EAST POINT*GA*30344~
DFI*INC~
AMT*UB*348~
SOM*67*D8*20051003~
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DTP*564*D8*19760601~
DTP*559*D8*20050701~
DTP*781*D8*20060515~ <--- Occupancy Status Date
LE*0212~
DTP*174*D8*20060630~ <--- Start First Loop
REF*LD*0003498102~
REF*Z8*482082983~
REF*60*221~
N1*QP*COLEMAN,JE*34*999669411~
N1*QZ*COLEMAN,IB*34*999451999~
LS*0212~
REC*01~
N3* 681*WOODBERRY AVE~
N4*MEMPHIS*TN*38109~
DFI*015~
AMT*UB*95~

SOM*22*D8*20060503~ <--- (1st Status Code and 1st Status Date)
DTP*564*D8*19730201~
DTP*559*D8*20021001~
LE*0212~ <--- End First Loop
DTP*174*D8*20060630~ <--- Start Second Loop
REF*LD*0003498102~
REF*Z8*482082983~
REF*60*221~
N1*QP*COLEMAN,JE*34*999669411~
N1*QZ*COLEMAN,IB*34*999451999~
LS*0212~
REC*01~
N3* 681*WOODBERRY AVE~
N4*MEMPHIS*TN*38109~
DFI*015~
AMT*UB*95~

SOM*42*D8*20060630~ <--- (2nd Status Code and 2nd Status Date)
DTP*564*D8*19730201~
DTP*559*D8*20021001~
LE*0212~ <--- End Second Loop
DTP*174*D8*20060630~ <--- Start Third Loop
REF*LD*0003498102~
REF*Z8*482082983~
REF*60*221~
N1*QP*COLEMAN,JE*34*999669411~
N1*QZ*COLEMAN,IB*34*999451999~
LS*0212~
REC*01~
N3* 681*WOODBERRY AVE~
N4*MEMPHIS*TN*38109~
DFI*015~

AMT*UB*95~

SOM*68*D8*20060705~

<--- (3rd Status Code and 3rd Status Date)

DTP*564*D8*19730201~

DTP*559*D8*20021001~

LE*0212~

<--- End Third Loop

DTP*174*D8*20060630~

<--- Start Fourth Loop

REF*LD*0003498102~

REF*Z8*482082983~

REF*60*221~

N1*QP*COLEMAN,JE*34*999669411~

N1*QZ*COLEMAN,IB*34*999451999~

LS*0212~

REC*01~

N3* 681*WOODBERRY AVE~

N4*MEMPHIS*TN*38109~

DFI*015~

AMT*UB*95~

SOM*66*D8*20060710~

<--- (4th Status Code and 4th Status Date))

DTP*564*D8*19730201~

DTP*559*D8*20021001~

LE*0212~

<--- End Fourth Loop

DTP*174*D8*20060630~

<--- Start Fifth Loop

REF*LD*0003498102~

REF*Z8*482082983~

REF*60*221~

N1*QP*COLEMAN,JE*34*999669411~

N1*QZ*COLEMAN,IB*34*999451999~

LS*0212~

REC*01~

N3* 681*WOODBERRY AVE~

N4*MEMPHIS*TN*38109~

DFI*015~

AMT*UB*95~

SOM*76*D8*20060717~

<--- (5th Status Code and 5th Status Date)

DTP*564*D8*19730201~

DTP*559*D8*20021001~

LE*0212~

<--- End Fifth Loop

SE*108*151200000~

GE*1*000000007~

IEA*1*000000007~

VI. General

- 1. Within the mandated changes one of the requirements is that a new “R4” – fatal error code will reflect when the OUI reported is not logical for the case in question. Can you tell me what the new “R4” reject code means? Also, do you happen to know what “OUI” stands for?**

OUI = oldest unpaid installment, meaning the due date of the last unpaid installment;

An R4 error will occur when the OUI (as reported to SFDMS) is not greater than or equal to the first payment date due under the mortgage, as stored in HUD's A-43 system.

- 2. First time vacancy date - What causes this date to recycle? Is it based upon a new delinquency cycle only? If we determine the property is vacant early in the delinquency but then find it to be occupied for a few months, we will report the first time vacancy date and then a number of occupied codes. If the property then becomes vacant again, do I report the new vacancy date or is the old date still valid since it is under the same delinquency cycle?**

We generally assume that if a mortgage is delinquent and the property is vacant, then the mortgage will be foreclosed, not that the delinquency will cure. If the delinquency cures, you report to SFDMS as such and your reporting on this case is concluded, unless the mortgage again becomes delinquent.

If you report a property as vacant, but then as occupied, the vacancy date should drop off, because an occupied property does not have a vacancy date. If this same property then again becomes vacant, you would report the *new* vacancy date.

- 3. What codes are considered to be ongoing (repeatable/processes) versus one-time events. For example, an ongoing process is a repayment plan versus an event like 1st legal action. Assuming no new events occur in the next reporting cycle, the first codes would be repeated (until completed or a new event occurs). The second list represents codes that would only generate one time.**

On-going codes: 09, 10, 12, 15, 24, 28, 31, 32, 34, 3B, 44, AS

One-time codes: 1A, 1G, 26, 59, 65, 66, 67, 68, 69, 76, 77, AO

NOTE: This does not include the ongoing reporting of the 42 code if required nor the initial reporting of the 22 code on inbound loans. It does not include the 25 code nor termination codes.

HUD regulations require that you report monthly the status of every loan that is delinquent, or was reported as delinquent in the previous month. This monthly reporting requirement is not a change. The only true one-time codes are codes where no further reporting is required (cure or close-out codes)

VII. Testing

- 1. We have a client that wants to test the disaster code reporting in a couple of weeks in their test region prior to our production date. This includes sending a test EDI file to HUD to ensure the data is transmitting properly. Do we send HUD test files, etc?**

Please let EDI know when you are ready for the SFDMS testing of the disaster code reporting. For test purposes and to keep it separate from production, the TS 264 should be sent to the HUD EDI Gateway using the ISA Qualifier and ID of:

ISA07 ZZ

ISA08 HUDEDITEST

The test data should be placed in the editest/tohud directory on the HUD Frame Relay Server. Rodney Chambers, Henry Gilbert are Keith DeSousa are familiar with this process. If you have any questions, call Walter Hope, EDI, at (301) 429-4578.